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UNITED STATES DEPARTMENT OF AGRICULTURE
Food Distribution Administration
Washington, D. C.

May 21, 1943

DIRECTOR'S MEMORANDUM NO. 27

Revision 1

Invoicing Policy and Procedures

1. POLICY

The policy of making definitive advance quotations governing the invoicing of FDA-FSCC commodities to transferees shall be extended to all inter-program transfers, all inter-agency transfers and all sales except inventory reduction and salvage sales. (These excepted sales shall continue to be made in accordance with Director's Memorandum No. 15, Supplement 5, B-2 "Inventory Reduction.")

The following policy objectives shall be observed with respect to equity among transferees, to location of transfer points, and to avoidance of profit or loss -

Transferees: Each commodity quotation and the invoice price resulting therefrom shall apply alike throughout its currency to all eligible transferees at any particular transfer point.

Place differentials: To avoid disturbance of interregional market differences, each quotation shall take the form of a single nationwide multiplier. At any point of transfer the invoice price shall be the product of this quotation times the distributor ceiling price fixed at that point at the date of announcement of the quotation.

Profit and loss: Operations in the commodity supply services shall be self-liquidating. Quotations shall be so estimated as to result in receipts from transferees equivalent (1) to all purchasing, processing, transporting, warehousing, handling and other costs and (2) to all damage shrinkage, spoilage and other losses except those actually recoverable from persons other than transferees. To avoid cumulation of profit or loss from cumulation of errors in estimating costs, each successive quotation list shall be so adjusted as to reverse the effect of net errors of estimate in earlier cost estimates.

In effecting this policy, commodities will be divided into two lists: (1) those that make up the main bulk in number and volume of transfers; and (2) all others. For the first list, firm quotations will be announced in each calendar month. For the second list, quotations will be announced once in each quarter.

Quotations in the first monthly list will apply as follows - First list announced: (1) retroactively to commodities previously transferred but not yet invoiced except in the case of transfers in which (a) an earlier firm commitment has been made or (b) an earlier and inconsistent provisional commitment has been made; and (2) to all transfers made during the remainder of the calendar month and the next succeeding calendar month. Quotations in the first quarterly list shall apply similarly except that they will not expire until the end of the third calendar month of announcement.

Quotations in later lists will apply only to transfers made in the calendar month (or quarter) next succeeding the calendar month of announcement. For programs requiring off-continent distribution a monthly list and its concurrent quarterly list shall be treated as one quarterly list. Intervening monthly lists shall not apply to these programs.

Both policy and procedure on commodity quotations shall be coordinated by the Deputy Director who coordinates procurement policy and procedure. He shall determine and from time to time redetermine the points at which commodity transfers may be effected, the dates at which quotation lists will be announced, and the circulation to be given to all schedules and lists issued under this memorandum. He shall also prescribe the procedures, assign the duties, and schedule the work necessary for (1) transition to the expanded invoicing program and (2) for the estimating of costs and determination of quotations.

2. ORGANIZATION

The personnel, property, and funds of the former Pricing Division are transferred to the Finance and Accounts Division. Director's (Administrator's) Memorandum No. 2, Supplement T, is superseded and the paragraph in Memorandum No. 2, Supplement 4, covering responsibilities of the former Fiscal Division is amended in accordance with this memorandum.

Each commodity branch chief, the Chief of the Transportation and Warehousing Branch, and the Chief of the Finance and Accounts Division shall designate an official to be responsible for his organization's part in the development and management of the expanded pricing system. Each of these shall report to the Deputy Director in charge the name of his designee not later than May 31, 1943.

I am asking Mr. Canning and the Organization and Procedure Division to work with the commodity branches, the Transportation and Warehousing Branch and the Finance and Accounts Division in the establishment of this program.

3. PROCEDURE

The following principal assignments of responsibility and main outlines of procedure shall apply to operations under announced quotations, to cost analyses and profit and loss statements, and to coordination.

Operations: No quotation list shall be issued until it is approved by the Deputy Director. Following the announcement of any quotation list, it will be the duty of all FDA officers who make commodity commitments to transferees to stipulate that each commodity transferred will be invoiced at the price determined by the quotation applicable to the commodity, during the period of transfer and at the place of title transfer. It will be the duty of the Finance and Accounts Division similarly to invoice all commodities transferred and similarly to account for transfers.

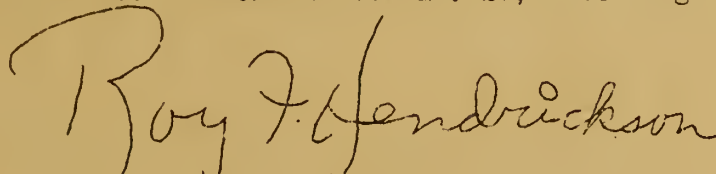
Cost analyses: Immediately following the last day of a period on which deliveries may be made under a quotation list the Finance and Accounts Division shall make an analysis of the errors of estimate in each of the three elements of cost and in the receipts to result from transfers. The Division shall promptly issue statements showing the results of such errors of estimate to the Deputy Director

and to each of the commodity branches and to the Transportation and Warehousing Branch. The Division shall also prepare prompt profit and loss statements by commodity branch groups, on the "last-in, first-out" principle and make a similar distribution of these statements. It shall be the duty of the Division so to organize and keep its commodity accounts as to permit these cost analyses and profit and loss statements to be issued at the earliest possible date.

The Fiscal Audit and Examination Division will review, after their issue, all cost analyses and statements directed to be made by this memorandum.

Coordination: The Deputy Director who coordinates the policy and procedure in this program may prescribe such additional procedures as he deems necessary and may alter any of the foregoing procedures when, in his belief, the change will better promote the objectives of the policy adopted in this memorandum. Each organization having duties under this memorandum is expected to initiate and to improve its internal procedures, in collaboration with the Organization and Procedure Division.

This Memorandum supersedes Director's Memorandum No. 27, dated August 20, 1942.


Director

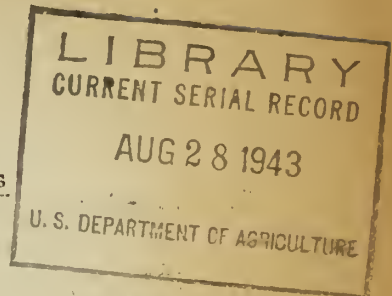
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UNITED STATES DEPARTMENT OF AGRICULTURE
Food Distribution Administration
Washington, D. C.

February 3, 1943

DIRECTOR'S MEMORANDUM NO. 27
Supplement 1

Inter-Program Sales and Direct Sales



The following instructions, effective as of the date hereof, supersede those on a similar subject issued by the Purchase Branch as of April 22, 1942.

Inasmuch as commodities purchased by Program GCP (or any other stockpile program) are, except in the cases of direct sales, sold to some other program prior to delivery to the ultimate user, it is necessary to document such sales by means of a contract between the programs concerned.

Examples:

- A. Canned meats purchased by GCP are delivered to the British. A contract of sale is required between GCP and DA.
- B. Flour is purchased by GCP and delivered to a state relief agency. A contract of sale is required between GCP and the appropriate Section 32 program.
- C. The same for all other programs.

Under C it is important to note that requisitions from the American Red Cross preceded by the letter "G" are documented with inter-program contracts between GCP and the Section 40 Program (currently J-58a), whereas Red Cross requisitions preceded by the letters "J" and "K" are direct sales by Program GCP.

The responsibilities for preparing (a) inter-program sales contracts and (b) direct sales contracts are assigned as follows:

1. GCP-DA, inter-program sales: Contracts in this category shall be prepared by the Regional Fiscal Division, Northeast Region, and signed by the respective commodity branch chief or his designated representative. It is the responsibility of the commodity branch concerned to know that the commodity named in the contract was in fact purchased by Program GCP for delivery to Program DA.

Point of delivery of commodities sold by Program GCP to Program DA is generally f.a.s. port of embarkation but may be at delivery to a warehouse if such warehouse is operated by Program DA exclusively for Lend-Lease purposes.

2. GCP-TEP, inter-program sales: Contracts in this category are the responsibility of the Regional Administrator, Pacific Region, and are signed by him or his designated representative. It is his responsibility to know that the commodity concerned was in fact purchased by GCP for delivery to Program TEP.

Point of delivery of such commodity by Program GCP to Program TEP is f.a.s. port of embarkation.

3. GCP-Section 32, inter-program sales: Contracts in this category are the responsibility of the appropriate commodity branch but shall be prepared always in cooperation with the Civilian Program's Branch.

Point of delivery of such commodities is at point of delivery to the welfare agency receiving the commodity (destination).

4. GCP-CSP, inter-program sales: The Custody and Disposition Division, Transportation and Warehousing Branch, shall inform each commodity branch of the quantity of each commodity acquired from Program GCP by Program CSP. Preparation of contracts in this category are then the responsibility of the appropriate commodity branch. It must be determined that the commodity concerned was in fact purchased by Program GCP for delivery to Program CSP.

Point of delivery of such commodity is f.a.s. port of embarkation.

5. GCP-Section 40 (J-58a), inter-program sales: Contracts in this category are the responsibility of the appropriate commodity branch. Since all commodities delivered under Section 40 programs should be acquired by Program GCP, these contracts should cover all commodities delivered under the Section 40 Program.

Point of delivery is f.a.s. port of embarkation.

6. Form: Attached is a specimen form of inter-program sales contract to be followed by all concerned.

The contract number shown shall always be that of the program making the purchase.

Inter-program sales contracts shall be distributed as follows:

Original and one executed or certified copy to the Accounting Section, Fiscal Division, Washington, D. C.

Two executed or certified copies to the Custody and Disposition Division, Transportation and Warehousing Branch, Washington, D. C.

1. Attn.: Commodity Accountability Section
1. Attn.: Shipping Section

One executed or certified copy to Regional Fiscal Division, Northeast Region, 42 Broadway, New York City.

One copy to the files of the office preparing the contract.

7. GCP (or other stockpile program), direct sale: Example : Sales to Army, Navy, British Colonial Supply Mission, Rubber Reserve, etc. Contracts in this category shall be prepared by the Program Liaison Division after consultation with the commodity branches concerned. Preparation of these contracts has been placed in one spot rather than in the branches because most direct sales involve more than one commodity.

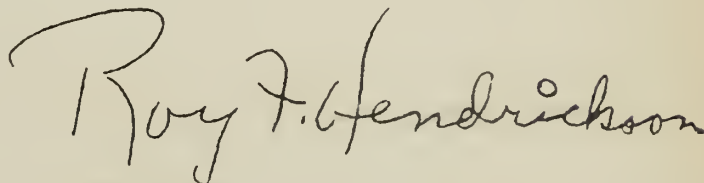
Contract numbers for such sales are those of the program making the sale.

Distribution of such contracts is the same as for contracts of purchase.

8. Authority: It is imperative that persons or branches executing sales contracts know that authority exists to make the sale.

Inter-program contracting authorities are bi-lateral. That is, authority must exist in the one program to make the sale and in the other program to make the purchase.

Direct sales authorities are contained in the authority of the program making the sale.


Director

Attachment

24/2

(SPECIMEN INTER-PROGRAM SALES CONTRACT)

UNITED STATES DEPARTMENT OF AGRICULTURE
FCOD DISTRIBUTION ADMINISTRATION
SAN FRANCISCO, CALIFORNIA

January 8, 1943

Contract No. FSC(H)-000

GCP-TEP Inter-program Contract

Pursuant to authority conferred upon me by Administrator's Memorandum No. 2, Supplement I, dated August 31, 1942, and by authorization No. TEP-15, dated December 1, 1942, on behalf of the Federal Surplus Commodities Corporation, I hereby sell for the account of the General Commodities Purchase Program, and I hereby purchase for the account of the Territorial Emergency Program:

420,210 net pounds of Frozen Boneless Beef,

for delivery f.a.s. San Francisco, California, at prices determined by the Treasurer, Federal Surplus Commodities Corporation.

(S) Merritt A. Clevenger
Regional Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE
Food Distribution Administration
Washington, D. C.

June 4, 1943

DIRECTOR'S MEMORANDUM NO. 27

Supplement 1

Revision 1

Inter-Program Sales and Direct Sales

This memorandum supersedes Director's Memorandum No. 27, Supplement 1, dated February 3, 1943. Hereafter inter-program sales and direct sales shall be handled as follows:

1. Sales of commodities between programs shall no longer be documented by means of contracts. Signed copies of commodity receipts issued by the Transportation and Warehousing Branch will constitute sufficient authority to effect transfers of funds.
2. Direct sales by GCP or other stockpile programs to Army, Navy, British Colonial Supply Mission, Rubber Reserve, or other governmental agencies shall continue to be documented by means of contracts. Such contracts shall be drafted by Program Liaison after obtaining the concurrence of commodity branches concerned.
3. Direct sales by GCP or other stockpile program to commercial vendors shall be negotiated and contracts prepared by the commodity branch concerned.

Requisitions from the American Red Cross preceded by the letter "G" are classified as inter-program sales between GCP and the Section 40 Program (currently J-58a). Documentation of such sales is therefore prescribed in Paragraph (1) above. Red Cross requisitions preceded by the letters "J" and "E", however, are direct sales by GCP; contracts for such sales will be prepared by Program Liaison as prescribed in Paragraph (2) above.

4. Contract numbers for sales as outlined in Paragraphs (2) and (3) are those of the program making the sale. Distribution of such contracts is the same as for contracts of purchase.

Roy F. Hendrickson
Director

UNITED STATES DEPARTMENT OF AGRICULTURE
Food Distribution Administration
Washington, D. C.

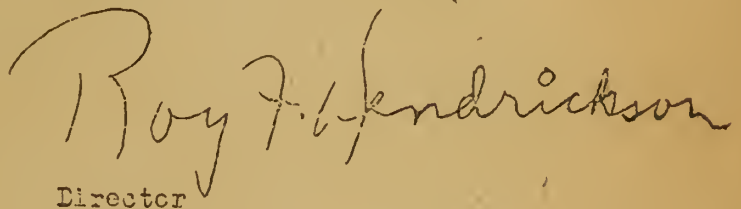
June 4, 1943

DIRECTOR'S MEMORANDUM NO. 50

Supplement 1

Procedure for Reviewing Army-Navy "E" Nominations

Director's Memorandum No. 50 stipulates that a Special Awards Committee shall review all nominations for the Army-Navy "E". Because of the pressure of work, this procedure has been revised as follows: After nominations have been approved by the Chief of the Processors Branch, they shall be routed through Deputy Director E. A. Meyer to the Director for final decision. The letter of nomination will be prepared for the Director's signature in the Processors Branch.


Director

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